

**SB102 INTRODUCED**



1 VOFSSL-1  
2 By Senator Orr  
3 RFD: Finance and Taxation Education  
4 First Read: 21-Mar-23  
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1 SYNOPSIS: Under existing law, an Alabama income tax  
2 deduction is allowed for health insurance premiums  
3 paid by qualifying employees and employers equal to  
4 100 percent of the amounts paid.

5 This bill would revise the qualifications for  
6 an employee and employer to receive the income tax  
7 deduction for health insurance premiums paid.

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10 A BILL  
11 TO BE ENTITLED  
12 AN ACT

13

14 Relating to income taxes; to amend Section 40-18-15.3,  
15 Code of Alabama 1975, to revise the qualifications for  
16 employees and employers to receive the income tax deduction  
17 for health insurance premiums paid.

18 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

19 Section 1. Section 40-18-15.3, Code of Alabama 1975, is  
20 amended to read as follows:

21 "§40-18-15.3

22 (a) As used in this section, the following terms ~~shall~~  
23 have the following meanings:

24 (1) QUALIFYING EMPLOYEES. Alabama resident employees  
25 who are employed by qualifying employers, ~~earn no more than~~  
26 ~~\$50,000 of wages in the applicable tax year,~~ and report no  
27 more than \$75,000 of adjusted gross income on their Alabama  
28 individual income tax return (\$150,000 if married filing



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29 jointly) for the applicable year.

30 (2) QUALIFYING EMPLOYERS. Employers with less than ~~25~~50  
31 employees.

32 (b) For tax years beginning after December 31,  
33 ~~2010~~2023, in addition to any other Alabama income tax  
34 deduction that a qualifying employee may be entitled to with  
35 respect to the payment of health insurance premiums,  
36 qualifying employees shall be allowed to deduct from Alabama  
37 gross income 100 percent of the amounts they pay as health  
38 insurance premiums as part of an employer provided health  
39 insurance plan provided by a qualifying employer.

40 (c) In addition to any other Alabama income tax  
41 deduction that a qualifying employer may be entitled to with  
42 respect to the payment of health insurance premiums paid on  
43 behalf of ~~qualifying~~ employees, the qualifying employer shall  
44 be allowed as a deduction in the computation of Alabama  
45 taxable income 100 percent of the amounts they pay as health  
46 insurance premiums in connection with an employer provided  
47 health insurance plan on behalf of ~~qualifying~~ employees making  
48 less than \$75,000 annually in wages from the qualifying  
49 employer~~in connection with an employer provided health~~  
50 ~~insurance plan~~.

51 (d) The tax credits allowed under this chapter may not  
52 exceed five million (\$5,000,000) annually.

53 (e) The tax credits allowed under this section shall be  
54 effective January 1, 2024 through December 31, 2028, unless  
55 extended by act of the Legislature."

56 Section 2. This act shall become effective on the first



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57 day of the third month following its passage and approval by  
58 the Governor, or its otherwise becoming law.